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SUBJECT: GENEVA GROUP MOVES TO IMPLEMENT IAEA RULES ON  
PROCEDURES INVOLVING EXPENDITURE

**¶11. (SBU) Summary:** This is a guidance request (see paragraph 7). Geneva Group members have reached consensus to request the IAEA Secretariat to report in writing on the financial implications of resolutions introduced for consideration by the Board or General Conference. Such reporting conforms with IAEA rules that are already in place but not implemented. Geneva Group Members view the implementation of these rules as a component of good governance, and hope that a short summary of the costs involved might focus Member States, attention on resolutions that actually add value rather than promote politics. Mission has considered the possibility that some Member States could use written cost estimates to complicate important safeguards verification resolutions by complaining about or diverting attention to the costs involved. Notwithstanding this concern, post recommends joining Geneva Group consensus and conveying a paper requesting the implementation of the rules (together with the UK as Geneva Group co-chair) to Deputy Director General Waller. End Summary.

**¶12. (SBU)** The 16 members of the Geneva Group have agreed in principle to send a letter to the IAEA Secretariat requesting the implementation of Rule 34 of the &Rules of Procedure of the Board of Governors<sup>8</sup> and Rule 67 of the &Rules of Procedure of the General Conference.<sup>8</sup> The Rules state that all proposals involving expenditure by the Agency &shall not be voted upon in the absence of a report from the Director General on the administrative and financial implications of the proposal.<sup>8</sup>

**¶13. (SBU)** In practical terms, implementing Rules 34 and 67 would require the Secretariat to provide a short report outlining the approximate costs of any resolution heading for a vote or decision. Currently, the Secretariat makes no reports, but rather keeps a budget representative on hand in the Board Room or General Conference to answer questions orally.

**¶14. (SBU)** Post does not know why Rules 34 and 67 have never been implemented (though most General Conference resolutions now include a sentence affirming that implementation of the resolution &be subject to the availability of resources<sup>8</sup>). Similar rules regarding written cost estimates apply at the UN in New York and are known as Program and Budget Implication reports (PBIs). According to Geneva Group members, similar reports are also employed at other international organizations.

**¶15. (SBU)** The Swiss have attempted to encourage this type of financial reporting at the IAEA for the better part of a

year, most recently by informally floating the proposal on the margins of the September Board of Governors meeting (the U.S. and other like-minded Member States indicated general support for the so-called &Swiss proposal8). The Secretariat resisted, however, and the Swiss reluctantly opted against raising the issue in the Board plenary and risk engaging in a last-minute and doomed battle with the Director General. Since then, the Geneva Group has taken up the issue and concluded that the application of Rules 34 and 67 would not be overly time-consuming or bureaucratic, and could accomplish the following goals:

- Improve the quality and transparency of debate while reducing the number of resolutions that are frivolous and/or overly politicized.
- Give the Secretariat an opportunity to explain the consequences of Member States, actions.
- Enhance the accountability of the Secretariat in its implementation of program and budgeting decisions.

¶6. (SBU) More privately, Post is concerned that Board Rule 34 in particular could be used to hold up safeguards verification resolutions in the Board of Governors. Emphasizing costs is an effective way to reduce enthusiasm for any proposal, and Rule 34 would make for a convenient tool. A Secretariat financial projection on a resolution requiring the continuation or expansion of investigative efforts could conceivably contain grist for resolution opponents to pick it apart or misdirect the debate. For example, Iran, Syria and their NAM supporters would very

likely adopt such tactics relative to any proposed resolution on their portfolios. Because Rules 34 and 67 are identical, it is intellectually problematic to implement General Conference Rule 67, imposing a documentary requirement on the Secretariat, without doing the same on Board Rule 34.

¶7. (SBU) Comment and Recommendation: Mission views the implementation of Rules 34 and 67 as contributing to our long term goals of transparency in international organizations. Despite concerns that Rule 34 could be used against us in certain contexts, Mission recommends joining Geneva Group consensus and conveying a letter to the Secretariat by December 24 requesting the implementation of Rules 34 and 67. Mission requests guidance to do so.

SCHULTE